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ICR Water Users Association
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2008 MAR 12 P 4: 48

March 11, 2008

AZ CORP COMMISSION
DOCKET CONTROL

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

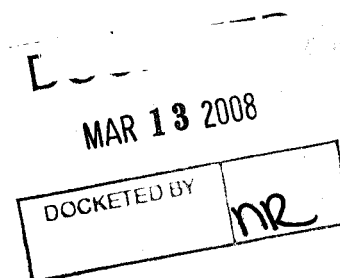
Re: ICR Water Users Association's Response to Customer Complaints
(Docket No. W-02824A-07-0388)

Docket Control:

ICR Water Users Association encloses its responses to customer complaints, which were emailed to Commissioner Mayes on February 22, 2008 and subsequently filed in this docket on February 25, 2008.

Yours truly,

Earl Cummings
President, ICR Water Users Association



ICR Water Users Association

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2008 MAR 12 P 4:48

AZ CORP COMMISSION
DOCKET CONTROL

March 11, 2008

Mr. Larry Bligh:

The purpose of this letter is to respond to your email correspondence sent on February 22, 2008 to Commissioner Mayes of the Arizona Corporation Commission ("Commission").

You cited concerns about the Company's alleged disregard of Decision No. 64360. Let me assure you that in no way has the Company acted to intentionally disregard the Commission's order. The Company believed it was in compliance with the Commission's order, because the Company filed, as a compliance item to Decision No. 64360, the First Amendment to the Main Extension Agreement and Well Agreement on March 7, 2003 without objection from the Commission. It has been only recently that concerns have been raised about the Company's compliance with Decision No. 64360. The Company takes these concerns very seriously and will be working with the Commission to address them during the current rate case.

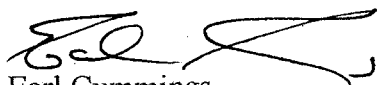
It is true that the Well Agreement sets forth the wheeling charge the golf course must pay for the water delivered to the golf course from all three wells in the Talking Rock well field, plus its pro rata share of the Company's operating and maintenance expenses for the Talking Rock system. The Well Agreement was executed in 2003 to satisfy the Commission's requirements in Decision No. 64360. One of the main purposes of the Well Agreement was for the developer of Talking Rock (Harvard Investments) to convey two of its wells to the Company in exchange for the golf course's use of the water. Again, the Company will be working with the Commission to address all of these issues during the rate case.

As to your comments about the use of groundwater for the golf course, the Commission approved the extension of the Company's certificate of convenience and necessity to serve Talking Rock Ranch with groundwater in 2002. The Company does not have control over how the golf course uses its own wells to irrigate the golf course.

As a member of this volunteer board, I assure you that we serve the best interests of the entire water company, not just certain subdivisions that the Company serves. All board members take this duty very seriously and will continue to work hard to resolve the issues that are before us.

Thank you for your interest and concern. Please feel free to contact me directly at 928-771-9705 or contact our Business Manager, Mr. Robert Busch at 928-713-0548 with any additional questions you may have.

Yours truly,

A handwritten signature in black ink, appearing to read 'Earl Cummings', with a stylized flourish at the end.

Earl Cummings
President, ICR Water Users Association

cc: Arizona Corporation Commission Docket Control

ICR Water Users Association



March 11, 2008

Mr. Jerry and Ms. Vickie Fogarty:

The purpose of this letter is to respond to your email correspondence sent on February 22, 2008 to Commissioner Mayes of the Arizona Corporation Commission ("Commission"). You cited several budgetary concerns to which the Company would like to respond.

You first expressed concern about a \$15,000 account receivable on the books for over two years. In response, the Company rarely has more than a few hundred dollars in delinquent accounts at any one time. Your comment may be in reference to an adjustment of Talking Rock's pro rata share of the operating and maintenance expenses of the Talking Rock system that was made in late 2007. The adjustments and subsequent billing to Talking Rock was the result of an internal error in apportioning costs between the Inscription Canyon Ranch system and the Talking Rock system. When the error was discovered, the adjustment was made and billed to Talking Rock, who paid the entire adjustment amount when the bill was rendered. Because these amounts were not initially billed to Talking Rock, the Company did not ask or expect Talking Rock to pay a penalty or interest.

You also questioned a \$27,000 furniture purchase. It is not clear where the figure came from, but the Company does not own, nor could it use, \$27,000 in furniture. There is reference in the Rate Application, Exhibit B2, to \$27,117 in Plant added during 2006. The added Plant was the cost of new meters purchased for new customers added to the system during 2006. The largest furniture purchase in the last several years has been for three file cabinets, costing less than \$150.00 each.

Regarding your question about the different "fee structure" for Talking Rock, I assume you are referring to the Talking Rock Golf Course, not the residents of Talking Rock. In accordance with the Well Agreement, the golf course pays the Company a wheeling charge for water delivered to the golf course from all three wells in the Talking Rock well field, plus a pro rata share of the Company's operating and maintenance expenses for the Talking Rock system. The Well Agreement was executed in 2003 to satisfy the Commission's requirements in Decision No. 64360. One of the main purposes of the Well Agreement was for the developer of Talking Rock (Harvard Investments) to convey two of its wells to the Company in exchange for the golf course's use of the water. The Company will be working with the Commission to resolve this issue during the rate case.

In response to your comments about the Company's board members, I assure you that the board is not biased towards Talking Rock. We are a volunteer board with a duty to serve the best interests of the entire water company, not just certain subdivisions that the Company serves. All board members take this duty very seriously and have been exemplary in their service. Although it is true that the current board consists of three

members who live in Talking Rock and two who live in Inscription Canyon Ranch, the reverse was true until the recent election in December 2007. Perhaps of interest to you, the board has been considering revisions to the bylaws that would have minimum representation from all three subdivisions.

As to your concerns regarding when annual meetings are held, the Company's bylaws dictate that these meetings are to be held on Saturdays. The board determines the time of the meeting each year.

As to the Company's office rental, the board pays \$300 per month for rental of the conference room at the ICR Sales Office. In addition to holding several meetings each month, the board also has use of copy machines and telephones and stores its Corporate Records at the office. The Texaco station would not be able to provide all of these services. Other entities also use the same facility but not at the Company's expense. The Sanitary District maintains files and conducts meetings in the same office and Architectural Committees for Inscription Canyon Ranch also use the conference room.

Finally, you expressed some concern about having the "correct" well transferred. As a result of Commission Decision No. 64360, the Company and Harvard Investments entered into negotiations regarding which wells were to be transferred and when. As a result of these negotiations, the parties drafted and executed the Well Agreement, which sets forth what the parties agreed to in regards to well ownership.

Thank you for your interest and concern. Please feel free to contact me directly at 928-771-9705 or contact our Business Manager, Mr. Robert Busch at 928-713-0548 with any additional questions you may have.

Yours truly,



Earl Cummings
President, ICR Water Users Association

cc: Arizona Corporation Commission Docket Control

ICR Water Users Association



March 11, 2008

Mr. Craig & Ms. Sandy Brown:

The purpose of this letter is to respond to your email correspondence sent on February 22, 2008 to Commissioner Mayes of the Arizona Corporation Commission ("Commission").

You cited concerns about the Company's alleged disregard of Decision No. 64360. Let me assure you that in no way has the Company acted to intentionally disregard the Commission's order. The Company believed it was in compliance with the Commission's order, because the Company filed, as a compliance item to Decision No. 64360, the First Amendment to the Main Extension Agreement and Well Agreement on March 7, 2003 without objection from the Commission. It has been only recently that concerns have been raised about the Company's compliance with Decision No. 64360. The Company takes these concerns very seriously and will be working with the Commission to address them during the current rate case.

It is true that the Well Agreement sets forth the wheeling charge the golf course must pay for the water delivered to the golf course from all three wells in the Talking Rock well field, plus its pro rata share of the Company's operating and maintenance expenses for the Talking Rock system. The Well Agreement was executed in 2003 to satisfy the Commission's requirements in Decision No. 64360. One of the main purposes of the Well Agreement was for the developer of Talking Rock (Harvard Investments) to convey two of its wells to the Company in exchange for the golf course's use of the water. In regards to your concern about having the "correct" well transferred, the Well Agreement sets forth which wells were to be transferred to the Company and when. The Well Agreement was the result of negotiations between the Company and Harvard Investments in 2002 and 2003 about well ownership.

Your email infers that as a result of my board service, I have received a membership at Talking Rock Ranch that others could not obtain. I vehemently dispute such an assertion and wish to clarify the apparent misinformation that is circulating about me.

In December 2001, Inscription Canyon Ranch ("ICR") lot owners who owned lots prior to December 31, 2000, including my wife and I, were offered the opportunity to join Talking Rock Ranch Club. (See enclosed letter.) I believe this opportunity was offered to early ICR residents because it had previously been represented by the ICR developer that a golf course would be a feature of ICR. I assume that you are aware that a piece of the original ICR project was subsequently sold to Harvard Investments. This piece of the original ICR project subsequently became Talking Rock Ranch. Prior to the expiration date of the offer, my wife and I paid the full membership fee and joined Talking Rock Ranch Club in February 2002, which is more than ten months before I became a board member. Since then, we have paid our full dues and charges every month. We do not ask for,


nor do we receive, any special treatment or favors. Perhaps of interest to you, earlier this year, Talking Rock Ranch introduced a program that offers non-resident Ranch Club memberships.

With regards to my support for candidates in the recent board election, I believe that I have the right to support whomever I please for election to any office in this country. I did support the re-election of two incumbent board members. I also supported the election of Mr. Larry Bligh. As to the present make-up of the board, there are three members from Talking Rock and two from Inscription Canyon Ranch, with the reverse being true until the recent election in 2007. The board has been considering revisions to the bylaws that would have minimum representation from all three subdivisions.

As a member of this volunteer board, I assure you that we serve the best interests of the entire water company, not just certain subdivisions that the Company serves. All board members take this duty very seriously and will continue to work hard to resolve the issues that are before us.

You may contact me directly at 928-771-9705 or contact our Business Manager, Mr. Robert Busch at 928-713-0548 with any additional questions you may have.

Yours truly,



Earl Cummings
President, ICR Water Users Association

cc: Arizona Corporation Commission Docket Control

Enclosure

TALKING ROCK RANCH

PRESCOTT, ARIZONA



INFORMATION CENTER

113 West Goodwin Street Prescott, Arizona 86303
Telephone (520) 776-4440 Facsimile (520) 776-8440
1-877-922-4440 www.talkingrockranch.com

December 11, 2001

Mr. Earl Cummings
13700 N. Warpaint Pl
Prescott, AZ 86305

RE: *Special Golf Membership for Inscription Canyon Ranch Lot Owners*

Dear Mr. Cummings.

As you may be aware, we are developing a very special community across the road from you called Talking Rock Ranch. Within our community will be many amenities, but perhaps one of the most special will be a gathering place for our residents called The Ranch Compound. Located in the heart of Talking Rock Ranch, The Ranch Compound will be the location for the Talking Rock Ranch Club, a unique and authentic but informal non equity club experience.

While membership at this private club is limited to lot owners of Talking Rock Ranch, we are offering to a limited number of residents in your community the opportunity to join the club in a special membership called the Inscription Canyon (available to lot owners of record as of 12/31/00).

Two classes of membership are available; the first is called The Ranch (\$5,000) and is similar to a social membership. However, at the Talking Rock Ranch Club, a Ranch Member is permitted limited golf play and full use of all the club's facilities, which includes the Exercise Barn (health and fitness club). The Inscription Canyon Homestead Membership (\$25,000) is the ultimate membership affording full golf and all other privileges.

The Club is pricing these memberships the same as those being offered to our lot owners with the only difference being that Inscription Canyon memberships are recallable at anytime by refunding 100% of your non-equity membership deposit. Talking Rock Ranch memberships can only be recalled when a lot owner sells their lot. While there is no certainty when memberships will be recalled, The Club anticipates we will not need these memberships until many years out.



If you are interested in receiving a set of membership documents, please send in a written request by mail or fax. You will have no more then 60 days from the date of this letter to tender your application and submit your deposit. Talking Rock does not plan to offer this opportunity ever again so we hope you take advantage of it and join us, your new neighbor.

Please be advised that memberships pricing is subject to change without notice and that specifically, The Homestead Membership price will increase to \$30,000 upon the sale of the 10th membership.

Sincerely,

HARVARD INVESTMENTS, INC.

Douglas Ross Zuber

DRZ:nh